

Message Text

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ACTION EB-08

INFO OCT-01 EA-10 ISO-00 USIA-06 L-03 TRSE-00 CAB-02

CIAE-00 COME-00 DOTE-00 INR-07 NSAE-00 FAA-00

ABF-01 CU-04 PRS-01 PA-01 SCS-03 SS-15 NSC-05

PM-05 PER-01 /073 W

-----078424 181057Z /10

R 180915Z OCT 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 6740

SECDEF

INFO HQ USAF/JACI

NAVY JAG WASHDC

CINCPAC

CINCPACAF

CINCPACFLT

CINCPACREPPHIL

13TH AF

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E. O. 11652: NA

TAG: EAIR, RP

SUBJECT: TRAVEL TAX

REF: (A) MANILA 15766 (NOTAL); (B) MANILA 15353 (NOTAL);

(C) 13TH AF 230845Z SEP 77 (NOTAL)

SUMMARY: DEPARTMENT OF TOURISM HAS PROVIDED SOME ADDITIONAL "CLARIFICATION" REGARDING TRAVEL TAX WHICH SPECIFICALLY EXEMPTS MOST CATEGORIES OF PUBLICLY-FUNDED TRAVELLERS PENDING OPINION OF DEPARTMENT OF JUSTICE ON APPLICABILITY OF MILITARY BASES AGREEMENT. FOR PRESENT, AT LEAST, TRAVEL TAX POSES NO DIFFICULTY FOR OFFICIAL TRAVEL. PLEASURE TRAVEL, HOWEVER, MAY STILL BE A PROBLEM. END SUMMARY.

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1. REF C REPORTED THE CLARK AIR BASE PMLO'S INITIATION OF REQUIREMENT FOR FILIPINO DEPENDENTS DEPARTING CLARK TO FURNISH EVIDENCE OF PAYMENT OF THE TRAVEL TAX PRIOR TO DEPARTURE. AFTER SEVERAL WEEKS OF MILLING AROUND THE PHILIPPINE BUREAUCRACY HAS RESPONDED TO STEADY EMBASSY PRODDING AS FOLLOWS IN LETTER FROM SECRETARY OF TOURISM ASPIRAS TO SECRETARY OF FOREIGN AFFAIRS: BEGIN QUOTE:

PENDING RESOLUTION BY THE SECRETARY OF JUSTICE AS TO THE APPLICABILITY OF PD 1205 VIS-A-VIS THE RP-U.S. MILITARY BASES AGREEMENT, I HAVE INSTRUCTED THE REVENUE DIVISION OF THE PHILIPPINE TOURISM AUTHORITY TO EXEMPT THE FOLLOWING FROM TRAVEL TAXES, PROVIDE THE FARES ARE PAID OUT OF U.S. GOVERNMENT FUNDS OR THEY ARE TRAVELLING ON U.S. MILITARY OR U.S. CHARTERED AIRCRAFT, REGARDLESS OF THEIR LENGTH OF STAY IN U.S. BASES IN THE PHILIPPINES:

- 1) U.S. MILITARY PERSONNAL AND THEIR DEPENDENTS;
- 2) FILIPINOS IN THE U.S. MILITARY SERVICE AND THEIR DEPENDENTS;
- 3) FILIPINO EMPLOYEES OF THE U.S. GOVERNMENT TRAVELLING ON GOVERNMENT BUSINESS;
- 4) U.S. STATE DEPARTMENT VISITOR GRANTEES TRAVELLING ON U.S. GOVERNMENT BUSINESS;
- 4) DESTITUTE AMERICANS BEING REPATRIATED AT U.S. GOVERNMENT EXPENSE. END QUOTE.

2. COMMENT: LETTER REFLECTS LACK OF THOUGHT WHICH HAS CHARACTERIZED TRAVEL TAX FROM THE BEGINNING. WHEN PHILIPPINE TOURISM AUTHORITY (PTA) LEGAL DEPARTMENT'S CHIEF WAS QUERIED ABOUT U.S. CIVILIAN EMPLOYEES WHO SEEM TO HAVE BEEN INADVERTENTLY OMITTED FROM LETTER, HE ASKED "CAN'T THEY BE CONSIDERED MILITARY?" RATHER THAN DELAY ACTION BY CAUSING PTA TO SEEK STLL FURTHER GUIDANCE ON THIS POINT, EMBOFF AFFIRMED THAT SUCH AN AGREED INTERPRETATION LIMITED OFFICIAL USE

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OUGHT TO BE POSSIBLE FOR PURPOSES OF TRAVEL TAX. AS A PRACTICAL MATTER AIRLINES HAVE NOT, WITH SOME EXCEPTIONS,

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ACTION EB-08

INFO OCT-01 EA-10 ISO-00 USIA-06 L-03 TRSE-00 CAB-02

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ABF-01 CU-04 PRS-01 PA-01 SCS-03 SS-15 NSC-05

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FM AMEMBASSY MANILA
TO SECSTATE WASHDC 6741
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QUESTIONED TRAVELLERS WITH GTRS, BUT REAL PROBLEM EXISTED AT CLARK WHERE PHILIPPINE MILITARY LIAISON OFFICER WAS REFUSING TO AFFIX NECESSARY STAMP ON PASSPORTS OF FILIPINO DEPENDENTS WITHOUT PROOF OF PAYMENT OF TRAVEL TAX. THIS PROBLEM HAS NOW BEEN SOLVED, AT LEAST TEMPORARILY.

3. EMBASSY BELIEVES THAT WHILE ISSUE MAY BE ARCHIVED IN THE BEST FILIPINO TRADITION AT THE DEPARTMENT OF JUSTICE, POSSIBILITY EXISTS THAT ADVERSE RULING MAY BE ISSUED. EMBASSY APPROACH HAS BEEN TO ADDRESS EXEMPTION FROM TAX ON FILIPINO DEPENDENTS, THE PRIMARY PROBLEM AREA, IN THE CONTEXT OF A GENERAL EXEMPTION FROM TAX ON PUBLICLY-FUNDED TRAVEL, SINCE SUCH A TAX SHOULD NOT BE IMPOSED BY ONE SOVEREIGN ON ANOTHER. THE MILITARY BASES AGREEMENT (MBA) WAS NOT RELIED ON AS IT DOES NOT OFFER SPECIFIC RELIEF AND LIMITED OFFICIAL USE

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IT IS UNFORTUNATE THAT IT HAS BEEN BROUGHT IN BY THE PTA TO MUDDY THE WATERS. UNDERSECRETARY OF JUSTICE MACARAIG, WHO EARLY ON EXPRESSED STRONG DEPARTMENT DISINCLINATION TO BECOME INVOLVED, HAS BEEN FURNISHED A COPY OF EMBASSY LETTER TO PTA WHICH SETS OUT OUR UNDERSTANDING OF U.S. EXEMPTION BASED ON GROUNDS OTHER THAN MBA.

4. ALTHOUGH U.S. CIVILIAN OFFICIAL TRAVEL HAS NOT BEEN SPECIFICALLY EXEMPTED IN THE PTA LETTER, DISCUSSIONS WITH PHILS INDICATE THEIR ACCEPTANCE OR AT LEAST UNDERSTANDING OF OUR OBJECTION TO TAX ON PUBLICLY-FUNDED TRAVEL AND WE ARE NOT PRESENTLY ENCOUNTERING ANY DIFFICULTY. THE QUESTION OF APPLICATION OF THE TRAVEL TAX TO UNOFFICIAL OR RECREATIONAL TRAVEL HAS NOT BEEN COMPLETELY SETTLED. THE TAX WOULD APPEAR TO APPLY TO MILITARY AND CIVILIAN PERSONNEL AT THE BASES WHO HAVE NOT BEEN OUT OF THE COUNTRY FOR ONE YEAR. AT AN EARLY PUBLIC HEARING, TOURISM SECRETARY ASPIRAS RESPONDED TO AN AMERICAN EXPRESS REPRESENTATIVE THAT CLARK AND SUBIC PERSONNEL WOULD BE EXEMPT FROM THE

TRAVEL TAX "UNDER SOME SORT OF TREATY OR SOMETHING."
HOWEVER, TOUR GROUPS ARE ENCOUNTERING VARYING DEGREES OF
DIFFICULTY IN GETTING THE EXEMPTION AND IN SOME CASES HAVE
BE UNSUCCESSFUL. EMBASSY WOULD APPRECIATE KNOWING IF
DEPARTMENT HAS ENCOUNTERED SIMILAR PROBLEM ELSEWHERE AND
ANY GUIDANCE AS TO TACTICS OR ARGUMENTS THAT MIGHT BE USED
TO SECURE RELIEF FROM TAX ON PLEASURE TRAVEL.
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Message Attributes

Automatic Decaptioning: X
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Disposition Approved on Date:
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Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
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Disposition Remarks:
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Review Withdrawn Fields: n/a
SAS ID: 877123
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Status: NATIVE
Subject: TRAVEL TAX
TAGS: EFIN, ETRD, OTRA, RP
To: STATE DOD
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/c76f2b2d-c288-dd11-92da-001cc4696bcc
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